

## REMARKS

Applicants have carefully studied the outstanding Final Office Action. The present reply is intended to be fully responsive to all points of rejection and is believed to place the application in condition for allowance. Favorable reconsideration, entry of the present Amendment, and allowance of the captioned application are hereby respectfully requested. Applicants are also filing a Notice of Appeal to allow more time for reconsideration.

Applicants thank the Primary Examiner for the courtesy of a telephone interview granted to Applicants' representative, David Zviel, registration number 41,392, on 19 October 2004. In the interview, claims 15, 27, and 42 were discussed in light of the prior art of record. Applicants representative explained that the feature of a user limit being a strictly decreasing function (as recited in claims 15, 27, and 42 after the previous amendment) is not found in the prior art of record. The Primary Examiner took the position that the recitation added to claims 15, 27, and 42 in the previous amendment is obvious even though there is no explicit reference to a feature of a use limit being a strictly decreasing function (as recited in claims 15, 27, and 42 after the previous amendment) in the prior art of record. No agreement was reached in the interview.

Claims 15, 16, 18 - 25, 27, 42, and 46 - 49 are pending in the present application. The present amendment amends independent claims 15, 27 and 42, and adds new dependent claims 50-55.

Claims 15, 16, and 27 stand rejected under 35 USC 103(a) as being unpatentable over US Patent 6,529,725 to Joao et al considered with PCT Published Patent Application WO 98/47116 of Hultgren.

Claims 18, 19, and 22 - 25 stand rejected under 35 USC 103(a) as being unpatentable over Joao et al and Hultgren, and further in view of US Patent 5,914,472 to Foladore et al.

Claims 20 and 21 stand rejected under 35 USC 103(a) as being unpatentable over Joao et al and Hultgren, and further in view of US Patent 5,561,709 to Remillard.

Joao et al describes a transaction security apparatus and method including a communication device associated with an individual account holder.

Hultgren describes a network for facilitating payments / transfers from a customer account to a merchant account.

Foladore et al describes a credit card spending authorization control system, in which control is provided by a central database containing account information and spending limits.

Remillard describes an electronic device for information services, usable with a conventional television set.

Concerning claims 15 and 27, the Office Action takes the position that Hultgren teaches whether a portable transaction module is within an allowable range, and Joao et al teaches the use of a portable transaction device or module based on a type of a transaction, a location of use of the portable device, and a time period.

Applicants again respectfully point out that careful study of Hultgren reveals that Hultgren only describes or suggests a use limitation in which transactions are not allowed at all beyond an acceptable range from a given location; see in particular page 21 of Hultgren, and the characterization of Hultgren in the first full paragraph on page 3 of the present Office Action. Furthermore, careful study of Joao et al, including column 7, lines 47 - 76 of Joao et al, reveals that Joao et al speaks in general terms and nowhere describes or suggests a use limit as recited in claims 15 and 27.

The Office Action further takes the position that “[the] use limit being a ‘strictly decreasing function’ as claimed does not affect the functioning of the device as such is based merely on time and or location”. Applicants respectfully point out that this position is not correct, since the device of claim 15 and the method of claim 27 function completely differently from the prior art of record. In the prior art of record use is not allowed at all beyond an acceptable range (Hultgren) or a non-specific limit is used (Joao et al); in the present invention, as claimed in claims 15 and 27, a range of limits, based on a strictly decreasing function, is provided.

In this context, applicants respectfully disagree with the position that “restricting use of the portable device based on a ‘strictly decreasing function’ would have been obvious to one of ordinary skill in the art” even though such a

limit is neither described nor suggested in the prior art of record (second full paragraph on page 3 of the present Office Action, and similar position taken in the telephone interview referred to above). It is respectfully requested that the Primary Examiner provide a prior art reference having such a feature. 37 CFR 1.104(c)(2). If the rejection is based on the Primary Examiner's personal knowledge, then an affidavit is requested as provided by 37 CFR 1.104(d)(2).

Claims 15 and 27 are therefore deemed allowable even before the present amendment.

Nevertheless, in order to facilitate allowance of the captioned application, and in order to make the distinction of claims 15 and 27 over the prior art of record particularly clear, claims 15 and 27 have been amended to recite that "the use limit varies between a maximum use limit and a minimum use limit and includes a range of non-zero use limits determined as a monotonically decreasing function of at least one of the following: an elapsed time since a predetermined time; and a distance from a specified location".

The amendment to claims 15 and 27 is supported, *inter alia*, by the description on page 15, lines 1 - 17.

The present recitation in claims 15 and 27 clearly limits the claims to functionality which is clearly different from the functionality of the prior art of record.

Amended claims 15 and 27 are therefore deemed allowable.

Claims 16 and 18 - 25 depend directly or indirectly from amended claim 15 and recite additional patentable subject matter and are therefore deemed allowable.

Claims 42 stands rejected under 35 USC 103(a) as being unpatentable over Joao et al and Foladore et al.

Applicants do not agree with that position, for the same reasons as discussed above with regard to the rejection of claims 15 and 27, and maintain that claim 42 is allowable even before the present amendment.

Nevertheless, for the same reasons as stated above with regard to claims 15 and 27, claim 42 has been amended similarly to claims 15 and 27 and is therefore deemed allowable.

Claims 46 - 49 stand rejected under 35 USC 103(a) as being unpatentable over Joao et al and Foladore, and further in view of Sehr.

Claims 46 - 49 depend directly or indirectly from amended claim 42 and recite additional patentable subject matter.

Claims 46 - 49 are therefore deemed allowable.

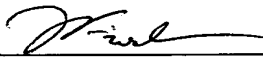
New dependent claims 50 - 55 have been added. New claims 50 - 55 are supported, *inter alia*, by the description on page 15, lines 1 - 17.

In view of the foregoing remarks, it is respectfully submitted that the captioned application is now in condition for allowance. Favorable reconsideration, entry of the present Amendment, and allowance of the captioned application are respectfully requested.

Respectfully submitted,

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WELSH & KATZ, LTD.  
120 South Riverside Plaza  
22<sup>nd</sup> Floor  
Chicago, Illinois 60606  
(312) 655-1500s

  
L. Friedman  
Reg. No. 37,135